

106TH CONGRESS
2D SESSION

S. 2293

To amend the Federal Deposit Insurance Act and the Federal Home Loan Bank Act to provide for the payment of Financing Corporation interest obligations from balances in the deposit insurance funds in excess of an established ratio and, after such obligations are satisfied, to provide for rebates to insured depository institutions of such excess reserves.

IN THE SENATE OF THE UNITED STATES

MARCH 27, 2000

Mr. SANTORUM (for himself, Mr. EDWARDS, Mr. HELMS, Mr. MURKOWSKI, and Mrs. HUTCHISON) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Federal Deposit Insurance Act and the Federal Home Loan Bank Act to provide for the payment of Financing Corporation interest obligations from balances in the deposit insurance funds in excess of an established ratio and, after such obligations are satisfied, to provide for rebates to insured depository institutions of such excess reserves.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Deposit Insurance
3 Fairness and Economic Opportunity Act”.

4 **SEC. 2. USE OF EXCESS DEPOSIT FUND RESERVES TO PAY**
5 **FICO INTEREST OBLIGATIONS AND MAKE RE-**
6 **BATES.**

7 (a) IN GENERAL.—Section 7(b)(2) of the Federal
8 Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended
9 by inserting after subparagraph (C) the following:

10 “(D) USE OF EXCESS DEPOSIT INSURANCE
11 FUNDS INITIALLY TO PAY FICO INTEREST OBLI-
12 GATIONS AND THEN FOR OTHER PURPOSES.—
13 Notwithstanding subsection (e)(2), beginning
14 January 1, 2001, and annually thereafter, if
15 the funds in both the Bank Insurance Fund
16 and the Savings Association Insurance Fund,
17 respectively, exceed 1.40 percent of the total es-
18 timated deposits insured by each of the respec-
19 tive Funds (or such higher percentage as may
20 have been established as the designated reserve
21 ratio for the respective Fund pursuant to sub-
22 paragraph (A)(iv)(II)), the Board of Directors
23 shall transfer such excess amounts as follows:

24 “(i) YEARS 2001 THROUGH 2017.—In
25 years 2001 through 2017, to the Financ-
26 ing Corporation in such amount as is nec-

1 necessary to pay, for such year, the interest
2 payments, issuance costs, and custodial
3 fees described in section 21(f) of the Fed-
4 eral Home Loan Bank Act with regard to
5 obligations issued by the Financing Cor-
6 poration.

7 “(ii) YEARS AFTER 2017.—In years
8 beginning after December 31, 2017—

9 “(I) to the Financing Corpora-
10 tion for the purposes described in
11 clause (i); and

12 “(II) if the amount required to
13 be transferred under this subpara-
14 graph exceeds the amount required by
15 the Financing Corporation for the
16 purposes described in clause (i), to in-
17 sured depository institutions, the allo-
18 cation of which is to be made on such
19 basis as the Board of Directors deter-
20 mines to be appropriate, taking into
21 account the factors considered under
22 the risk-based assessment system, ex-
23 cept that no amount may be paid
24 under this subclause to any insured

1 depository institution described in
2 subparagraph (A)(v).”.

3 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

4 (1) FEDERAL HOME LOAN BANK ACT.—Section
5 21(f) of the Federal Home Loan Bank Act (12
6 U.S.C. 1441) is amended—

7 (A) by redesignating paragraphs (2) and
8 (3) as paragraphs (3) and (4), respectively;

9 (B) by inserting after paragraph (1) the
10 following:

11 “(2) EXCESS DEPOSIT INSURANCE FUND BAL-
12 ANCES.—In addition to the amounts obtained pursu-
13 ant to paragraph (1), the Financing Corporation
14 shall have available the amounts transferred by the
15 Board of Directors of the Federal Deposit Insurance
16 Corporation pursuant to section 7(b)(2)(D) of the
17 Federal Deposit Insurance Act.”;

18 (C) in paragraph (3) (as redesignated), by
19 striking “In addition to the amounts obtained
20 pursuant to paragraph (1),” and inserting “To
21 the extent that the amounts available under
22 paragraphs (1) and (2) are insufficient to cover
23 the amount of interest payments, issuance
24 costs, and custodial fees,”; and

1 (D) in paragraph (4) (as redesignated), by
2 striking “(1) and (2)” and inserting “(1), (2),
3 and (3)”.

4 (2) DEPOSIT INSURANCE FUNDS ACT OF 1996.—
5 Section 2703(c)(2) of the Deposit Insurance Funds
6 Act of 1996 (12 U.S.C. 1441 note) is amended—

7 (A) by striking “21(f)(2)” and inserting
8 “21(f)(3)”; and

9 (B) by inserting “and redesignated by sec-
10 tion 2(b)(1)(A) of the Deposit Insurance Fair-
11 ness and Economic Opportunity Act” after “as
12 amended by subsection (a)”.

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